



651.296.7608 • 800.657.3769
400 Sibley Street, Suite 300
St. Paul, MN 55101-1998
fax 651.296.8139
tty 651.297.2361
www.mhfa.state.mn.us

Date: October 25, 2010
To: Section 1602/Exchange Fund Recipients
From: Kasey Kier, Tax Credit Allocation Manager
Phone: 651-284-0078
Subject: Section 1602 30% Test and Carryover Requirements

All projects awarded Section 1602/Exchange Funds (Section 1602) from the Minnesota Housing Finance Agency must demonstrate that by the close of 2010, they have paid or incurred at least 30% of the total adjusted basis in land and depreciable property that is reasonably expected to be part of the low-income housing project.

To meet the 30% test requirements, project owners must submit a completed Section 1602 Subawardee Report of total expenditures through December 31, 2010 using the following form developed by the US Department of the Treasury:

http://mnhousing.gov/idc/groups/public/documents/webasset/mhfa_010323~2.rtf

Project owners that have drawn 100% of the awarded Section 1602 funds by December 31, 2010 will not be required to submit a completed form.

Completed forms must be received by Minnesota Housing no later than **5:00 pm on Tuesday, January 4, 2011**. Failure to meet the 30% test will result in the owner forfeiture of all undisbursed Section 1602 funds as of December 31, 2010.

In addition to the 30% test requirements, projects awarded Section 1602 funds in calendar year 2010 must enter into a 2010 1602 Carryover Agreement by December 31, 2010.

Complete Section 1602 Carryover Application packages must be received by Minnesota Housing no later than November 1, 2010 in accordance with procedures as outlined in the 2010 Minnesota Housing Qualified Allocation Plan and HTC Procedural Manual.

2010 Section 1602 Carryover requirements and procedures are located at:

<http://www.mnhousing.gov/housing/tax-credits/allocation/index.aspx> .

If you have any questions regarding the 30% test or 2010 Section 1602 Carryover requirements, please contact Tamara Wilson at tamara.wilson@state.mn.us or (651) 296-4451.